WEEKLY ECONOMIC REVIEW

JUNE 10, 2005

The U.S. merchandise trade deficit widened to $57 billion in April, up from $53.6 billion in March but below the consensus forecast of $58 billion. A 3.0% rise in U.S exports mitigated the impact of higher oil prices, which drove a 4.1% jump in imports.

Canada's merchandise trade surplus rose to $5.1 billion in April, supported by a 3.2% rise in exports to markets outside the United States and a 0.5% decline in total imports.

The Canadian economy added 35,400 jobs in May, roughly twice the expected increase. Alberta's employment market remained remarkably strong, with job gains of 4,500 helping to lower Alberta's unemployment rate to 3.5%, tying an almost 24-year low.

On the strength of the positive Canadian employment and trade reports, the Canadian dollar reversed losses incurred earlier in the week, gaining over half a cent (US) in Friday morning trading.

While Canadian housing starts moderated slightly from recent highs, Alberta's new housing activity accelerated in May, with housing starts jumping 9.1% to an annual pace of 44,400. Through the first 5 months of 2005, Alberta's housing starts are up 15.3% (starts are down 4.2% nationally).

Cdn Dollar (C¢/US$)

June 10, 2005	80.0¢
June 3, 2005	80.1¢
2005-06 YTD	80.3¢

WTI Oil US$/bbl

June 9, 2005	$54.28
June 2, 2005	$53.63
2005-06 YTD	$51.95

Nymex Natural Gas C$/mcf*

July Contract

June 10, 2005	$8.80
June 3, 2005	$8.59

*Estimate based on Nymex Futures Market Price

Energy markets experienced another volatile week. While inventories remained high, the International Energy Agency (IEA) raised its forecast for global oil demand in the fourth quarter of 2005 by 200,000 barrels/day. Traders are also awaiting the outcome of the June 15 meeting of OPEC.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Building Permits ($ millions)	**April**			
Alberta	905	-8.0%	46.3%	48.2%
Canada	5,045	-2.6%	10.0%	13.7%
Housing Starts (SAAR)[2]	**May**			
Alberta	44,400	9.1%	50.0%	15.3%
Canada	218,800	-5.0%	-5.5%	-4.2%
Alberta Rigs Drilling	**May**			
	224	53.4%	32.4%	8.8%
Employment	**May**	**Gain/Loss from Previous Month (#)**	**Month/Previous Year's Month (Y/Y)**	**Y/Y (% change)**
Alberta	1,788,300	+4,500	+31,000	1.8%
Canada	16,153,100	+35,400	+214,900	1.3%

Source: Statistics Canada, Canada Mortgage and Housing Corporation

[1] *Year-to-date 2005 compared to the same time period in 2004. For example: January-April 2005 versus January-April 2004*

[2] *Seasonally Adjusted at Annual Rates*